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Addendum #1

Explanation of NEOPA Tax Status (researched by Peg Aldridge 4/2009)

NEOPA is a non-profit service organization. Non-profit does not mean tax exempt. The only organizations that can be sales and income tax exempt are Schools, Churches and Government agencies. While NEOPA is associated with schools, they are not part of the schools and cannot be tax exempt. Non-profit means they do not have to pay income tax unless they reach an income of \$25,000.00 per year. They then lose their non-profit status and must file an income tax return.

NEOPA has both a Federal and a Nebraska identification number. The Federal number, while inactive at this time, is used on the Associations bank accounts. In active means that the Association is not currently filing income tax returns. The state identification number is used when filing sales tax returns. If the Association sells any items during the year that they have not paid sales tax on at purchase, they must collect sales tax and file a sales tax return using the state identification number.